

**Department of Insurance and Financial Services  
Office of Research, Rules, and Appeals**

1. Rule(s) to be **processed** between July 1, 2021 and June 30, 2022. [Give brief description.]

**MOAHR # not assigned. Good Moral Character.** (Authority: MCL 500.210, MCL 338.43.) This new rule set was identified for action in the 2021 ARP and was initiated by rule set 2020-18 IF. The rule set was intended to provide: a) standards and criteria for the Director’s review of “good moral character” for licensure as a solicitor, adjuster, insurance counselor, or insurance producer under MCL 500.1214, 500.1224, 500.1234, and 500.1239, respectively, under the Insurance Code of 1956; b) establish procedures for applicants to submit claims of rehabilitation; and c) identify criminal convictions for which a lack of good moral character is presumed and which are not an existing bar to licensure under the Insurance Code of 1956. The above-cited sections of the Insurance Code of 1956 require applicants to possess “good moral character.” That term is defined under MCL 500.1200 by reference to MCL 338.41(1) of 1974 PA 381, which generally defines “good moral character” as the applicant’s propensity to serve the public in a “fair, honest, and open manner.” Following the enactment of 2020 PA 368, which amended 1974 PA 381, rule set 2020-18 IF was voided in order to initiate a new rule set that accommodates the legislative amendments made by 2020 PA 368.

**MOAHR # not assigned. Surplus Lines Insurance Fees.** (Authority: MCL 500.1955, MCL 500.210.) This rule set includes a single rule, R 500.1251, which implements MCL 500.1915 of the Surplus Lines Insurance Act, Chapter 19 of the Insurance Code of 1956. Section 1915 regulates the fee a surplus lines licensee may charge apart from the premium. Section 1915 was amended by 2020 PA 62. Before the amendment, the statute capped the fee for costs incurred in placing the insurance at \$50.00, adjusted annually, unless the fee was filed with the Director and only exceeded \$50.00 by actual additional costs incurred for services unrelated to the licensee. Rule 500.1251 establishes categories of costs considered “unrelated to the licensee” and disclosure and reporting requirements for fees exceeding the cap. Public Act 62 eliminated the \$50.00 fee cap, established new fee standards depending on the type of insurance policy issued, and established new disclosure requirements for permissible fees. The amendments to MCL 500.1915 enacted under 2020 PA 62 necessitate conforming amendments to R 500.1251.

**MOAHR # 2020-114. No-fault Fee Schedule.** (Authority: MCL 500.210.) This is a new rule set that implements MCL 500.3157 of the Insurance Code of 1956, which establishes a fee schedule applicable to health care providers that provide services to people injured in motor vehicle accidents. See 2019 PA 21. The draft rules would: (a) define the applicable Medicare schedule; (b) establish procedures for determining which health care providers are entitled to enhanced reimbursement; (c) establish procedures for the Department to collect information related to amounts charged by health care providers as of January 1, 2019, for the purposes of resolving provider appeals under R 500.65; (d) establish a date and methodology for determining the adjustment of payment or reimbursement; and (e) establish procedures for the Department to administer the accreditation requirements under MCL 500.3157. The draft rules are currently under consideration following public comment and hearing, which was held on March 26, 2021.

2. Rules that are obsolete or superseded and can be **rescinded** between July 1, 2021 and June 30, 2022. Also, please identify the rules or rule sets that are least important to the mission and function of the agency, or are otherwise strong candidates for rescission.

The Department has not identified such rules.

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3. Has the agency failed to promulgate any statutorily required rules **or** failed to utilize any statutorily required rules? Please explain.

MCL 500.836a mandates promulgation of rules containing the minimum standards applicable to the valuation of disability plans and contracts issued before the date of the NAIC valuation manual.

MCL 487.2068 mandates promulgation of rules necessary for the enforcement of the Consumer Financial Services Act, MCL 487.2051 et seq.

MCL 500.415 mandates promulgation of rules to carry out the purposes of Sections 412 to 414 of the Insurance Code, MCL 500.412 to 500.414, which establish procedures for the transfer of an insurer's corporate domicile.

MCL 500.2080 mandates promulgation of rules to regulate life insurance solicitations to fund preneed funeral and cemetery contracts.

4. Please indicate the rules that are most problematic to industry and could be reviewed to determine the most business-friendly method of regulation.

The Department has not identified such rules.

- A. Whether there is a continued need for the rules.

N/A

- B. A summary of any complaints or comments received from the public concerning the rules.

N/A

- C. The complexity of complying with the rules.

N/A

- D. Whether the rules conflict with or duplicate similar rules or regulations adopted by the federal government or local units of government.

N/A

- E. The date of the last evaluation of the rules and the degree, if any, to which technology, economic conditions, or other factors have changed regulatory activity covered by the rules.

N/A

5. Please provide the URL link the department or bureau is currently using to display their administrative rules.

<https://www.michigan.gov/difs/0,5269,7-303-13167---,00.html>

6. Please provide a list of the items identified for action in the 2021 ARP that have been completed and those that remain outstanding.

**Completed**

MOAHR # 2019-136 IF (Utilization Review): promulgated effective December 18, 2020.

MOAHR # 2020-25 IF (Essential Insurance): promulgated effective March 24, 2021.

MOAHR # 2020-132 IF (Credit for Reinsurance): promulgated effective May 18, 2021.

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MOAHR # 2019-32 IF (Debt Management): promulgated effective September 3, 2020.

MOAHR # 2020-113 IF (Surprise Medical Billing): promulgated effective June 24, 2021.

**Outstanding**

MOAHR # not assigned (Good Moral Character): see description above under Question #1.